

labour and employment lawflash

1 February 2013

UK Employment Compensation Payments Increase

Annual increase on certain statutory payments takes effect from 1 February.

On 1 February, the annual increase on certain statutory payments comes into effect. The key changes are the following:

- Maximum unfair dismissal compensatory award: £74,200 (increase from £72,300)
- Maximum unfair dismissal basic award: £13,500 (increase from £12,900)
- Cap on a week's pay for certain statutory calculations: £450 (increase from £430)
- Maximum statutory redundancy pay: £13,500 (increase from £12,900)

Other increases will take effect in April 2013, including increases in statutory maternity pay and statutory sick pay, and the level of national minimum wage will increase in October 2013.

Additionally, on 17 January, the government announced that the cap on the unfair dismissal compensatory award will change. Beginning around summer 2013, unfair dismissal compensation will be capped at the **lower** of the statutory cap (currently £74,200) and 12 months' pay. This is a major change in UK employment law and one that employers will welcome because the financial risk of dismissing an employee who earns less than the statutory cap will be reduced. However, it is likely to mean that more employees will make discrimination or whistleblowing claims, for which no statutory cap applies.

Contacts

If you have any questions or would like more information on the issues discussed in this LawFlash, please contact any of the following Morgan Lewis lawyers:

London

Matthew Howse

+44 (0)20 3201 5670

mhowse@morganlewis.com

Celia Kendrick

+44 (0)20 3201 5667

ckendrick@morganlewis.com

About Morgan Lewis's Labour and Employment Practice

Morgan Lewis's Labour and Employment Practice includes more than 275 lawyers and legal professionals and is listed in the highest tier for National Labor and Employment Practice in *Chambers USA 2012*. We represent clients across the United States in a full spectrum of workplace issues, including drafting employment policies and providing guidance with respect to employment-related issues, complex employment litigation, ERISA litigation, wage and hour litigation and compliance, whistleblower claims, labour-management relations, immigration, occupational safety and health matters, and workforce change issues. Our international Labour and Employment Practice serves clients worldwide on the complete range of often complex matters within the employment law subject area, including high-level sophisticated employment litigation, plant closures and executive terminations, managing difficult HR matters in transactions and outsourcings, the full spectrum of contentious and collective matters, workplace investigations, data protection and cross-border compliance, and pensions and benefits.

Morgan Lewis

About Morgan, Lewis & Bockius

With 24 offices across Europe, the United States, and Asia, Morgan Lewis provides comprehensive litigation, corporate, transactional, regulatory, intellectual property, and labour and employment legal services to clients of all sizes—from globally established industry leaders to just-conceived start-ups. Our international team of lawyers, patent agents, benefits advisers, regulatory scientists, and other specialists—more than 1,600 legal professionals total—serves clients from locations in Almaty, Beijing, Boston, Brussels, Chicago, Dallas, Frankfurt, Harrisburg, Houston, Irvine, London, Los Angeles, Miami, Moscow, New York, Palo Alto, Paris, Philadelphia, Pittsburgh, Princeton, San Francisco, Tokyo, Washington, D.C., and Wilmington. For more information about Morgan Lewis or its practices, please visit us online at www.morganlewis.com.

This LawFlash is provided as a general informational service to clients and friends of Morgan, Lewis & Bockius. It should not be construed as, and does not constitute, legal advice on any specific matter, nor does this message create an attorney-client relationship. These materials may be considered **Attorney Advertising** in some jurisdictions. Please note that the prior results discussed in the material do not guarantee similar outcomes. Links provided from outside sources are subject to expiration or change. © 2013 Morgan, Lewis & Bockius. All Rights Reserved.